

REMARKS

Claims 1-47 are currently pending in the application. By this amendment, claim 19 is amended and claim 47 added. Support for the newly added claim 47 may be found at least at pages 25-30 and Figures 1 and 12. No new matter is added. Reconsideration in view of the above amendment and the following remarks is respectfully requested.

35 U.S.C. §112 Rejection

Claim 19 was rejected under 35 U.S.C. §112, 2nd paragraph. This rejection is respectfully traversed. Claim 19 has been amended to recite, in part, “an option commitment fee.” Applicant submits that the §112 rejection should now be withdrawn.

35 U.S.C. §101 Rejection

Claims 1-40 and 45-46 were rejected under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter. Applicant respectfully traverses the rejection.

As the Examiner aptly noted, 35 U.S. C. §101 requires, in part, that in order to be patentable the invention must be a “new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”. Applicant submits that the claimed invention is indeed a new and useful process, whether computer implemented or not, in compliance with 35 U.S.C. §101. However, the Examiner asserts that certain method claims of the invention do not claim a technological basis in the preamble and, hence may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S. C. §101 and cites *Ex parte* Bowman, 61 USPQ2d 1669, 1671, (Bd. Pat. App. & Inter. 2001). However, Applicant submits that the invention complies with 35 U.S. C. §101 in all interpretations including *Ex parte* Bowman. In fact, *Ex parte* Bowman clarifies that 35 U.S. C. §101 is not at all limited to the term “technological art” but also includes the alternate term “environment” and both terms are in reality extensions of “useful art” which is the terms

actually used in the Constitution of the United States. Applicant submits that the invention is indeed tied to a useful art and environment such as economics, finance, commercial credit, delinquent receivables, or the like.

Also, the preamble clearly recites a technological basis. For example, claim 1 recites in part, in the preamble:

“A method for determining the distribution of receivables from a grantor to a grantee”

This is clearly a claimed technological basis and meets the requirement of §101.

Further, MPEP § 2106 defines statutory subject matter, which is clearly encompassed within the scope of the claimed invention. For example, MPEP § 2106 states, in part,

In practical terms, claims define nonstatutory subject processes if they:

-consist solely of mathematical operations without some claimed practical application (i.e. executing a “mathematical algorithm”);
or

-simply manipulate abstract ideas, e.g. bid (Schrader, 22 F.3d at 293-294, 30 USPQ2d at 1458-59) or a bubble hierarchy (Warmerdam, 33 F.3d at 1360, 31 USPQ2d at 1759), without some claimed practical application.

However, the claimed subject matter is more than an abstract idea or solely a mathematical formula. The claimed invention, in aspects, is a manipulation of processing steps in order to determine the distribution of receivables from a grantor to a grantee. One of ordinary skill in the art would recognize that determining the distribution of receivables is indeed within a useful art and environment such as economics, finance, collection industries, or commercial credit, just to name a few. Anytime that delinquent receivables are recovered, credit grantors and society as a whole benefits. To this end, the invention provides an effective process for

recovering delinquent receivables or obligations. Illustratively, in one example, this may be accomplished by

forwarding information regarding at least one receivable from a grantor to at least one potential grantee;

offering a purchase option to the potential grantee, the purchase option providing the potential grantee the right but not the obligation to purchase the receivable, the purchase option providing the grantor with an obligation to sell the receivable;

offering, by the potential grantee to the grantor, an option fee;

accepting the option fee by the grantor from the potential grantee, acceptance of the option fee by the grantor constituting an acceptance by the grantor of the purchase option from the potential grantee and thereby providing the potential grantee the right to purchase the receivable at or before the end of an option period; and

wherein the offering a purchase option includes establishing a notification date, the notification date being a date on or before which the potential grantee is required by the purchase option to provide notification to the grantor regarding purchase of the receivable, wherein the option period is a time period that exists between the accepting the option fee by the grantor and the notification date.

Additionally, MPEP § 2106, subsection IV 2(b), states in part:

If a physical transformation occurs outside the computer, a disclosure that permits a skilled artisan to practice the claimed invention, i.e., to put to practical use, is sufficient.

To meet this requirement, the claims clearly recite one or more actions to be performed in order to define a process. This is clearly seen in the many steps recited in the claimed invention and a skilled artisan would be able to implement these steps in the intended environment with or without a computer. Additionally, the claims are limited to a practical solution within a

technological art or environment, such as, for example, financial markets, credit markets, delinquent receivable markets.

Further, MPEP § 2106, subsection 2(b)(ii) states, in part:

For such subject matter to be statutory, the claimed process must be limited to a practical application of the abstract idea or mathematical algorithm in the technological arts.... A claim is limited to a practical application when the method, as claimed, produces a concrete, tangible, and useful result; i.e. the method recites a step or act of producing something that is concrete, tangible, and useful.

Also to meet the requirements of §101, the claimed invention is operative, has utility, and produces a concrete, useful, and tangible result in view of *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F.3d at 1368, 47 USPQ2d 1596 (Fed. Cir. 1998) (“*State Street*”). In *State Street* the court found that the patent in question fell within the category of a useful and concrete category, which rendered it statutory subject matter, “*even though the useful result was expressed in numbers, such as price, profit, percentage, cost, or loss.*” (Emphasis added) This is closely parallel to the current invention. For example, one concrete, useful, and tangible result of the invention is the exchange of an option fee for the right to acquire a receivable at or before the end of an option period (e.g., claims 1, 2, and 34). The right to a receivable may also provide tangible results for a grantee who may enforce the obligations associated with the receivables in order to achieve a monetary gain. Another example of a tangible result of the invention is the exchange of an option fee for the right to a license option which provides the licensee a right to receive a license of the receivables (e.g., claim 40). Still another example of a tangible result is the exchange of an option fee for an assignment option providing a right to receive an assignment of receivables at or before the end of an option period (e.g., claim 39).

Furthermore, Applicant directs the Examiner’s attention to claims 24-29 which recite, in part, that certain functions are performed by a computer or a computer program, as applicable.

These claims, 24-29, are even more specific as to the technological art but do not in any way prohibit the claims from which they depend from being patentable under 35 U.S. C. §101.

For these reasons, Applicant respectfully submits that the § 101 rejection of claims 1-40 and 45-46 has been successfully traversed, and respectfully request that the rejection be withdrawn.

35 U.S.C. §102 and §103 Rejections

Claims 1-3, 5-15 and 18-46 were rejected under 35 U.S.C. §102(e) for being anticipated by U. S. Patent Publication No. US 2002/0120570 A1 to Loy ("Loy"). Claims 4 and 16-17 are rejected under 35 U.S.C. §103(a) as being unpatentable over Loy in view of U.S. Patent Application Publication US 2001/0049658 to Hays. These rejections are respectfully traversed.

Applicant submits that the rejections of these claims are rendered moot in view of the submitted Declaration under 37 C.F.R. § 1.131, by the named inventor.

Under §1.131, a rejection under 35 U.S.C. §102 or § 103 based on a patent or patent publication may, upon a proper showing, be overcome by removing the patent publication as a reference against the claims. Applicant submits that the §1.131 Declaration submitted herewith is sufficient to remove the Loy patent publication under the §102(e) rejection and the primary reference of the Loy patent publication under the §103(a) rejection as references and thus is sufficient to overcome the above-noted rejections.

More specifically, Applicant submits that the §1.131 Declaration is formally and substantively sufficient to establish that the Inventors had completed the invention defined in at least independent claims 1, 2, 34, 38, 39, 40 and 41 in the United States before the effective date of the Loy reference, i.e., August 11, 2000. The statements in the Declaration show that the formal requirements of §1.131 are satisfied, namely:

- (1) the rejections to be overcome are under §102(e) and §103(a),

(2) all the acts for completing the invention of claims 1, 2, 34, 38, 39, 40 and 41, and those claims dependent thereon were performed in the United States, and

(3) the effective date of the Loy reference (i.e., August 11, 2000) is not more than one year prior to the effective filing date of the present application.

It is respectfully submitted that the statements in the Declaration are also sufficient to satisfy the substantive requirements of 37 C.F.R. § 1.131. The Declaration sets forth specific facts, of sufficient character and weight, to establish a **date of conception** before August 11, 2000, the effective date of the Loy reference, and to show that the Inventor and his attorneys exercised **due diligence** from a time before the effective filing date of the Loy reference to a constructive reduction to practice, i.e., to the filing date of the application in the United States on November 2, 2000.

DATE OF CONCEPTION

As evidenced in the "Record of Invention" and "Overview", the system and method for distributing receivables provides for determining the distribution of receivables from a grantor to a grantee is evidenced by the independent claims.

The Record of Invention and Overview is submitted with the Declaration as supporting evidence of this prior date of conception. It is respectfully submitted that the Record of Invention and Overview shows that the Inventor had a definite and permanent idea of the complete and operative invention of all the pending claims 1-46 prior to August 11, 2000, the effective date of the Loy reference. In particular, the Record of Invention and Overview show the features of independent claims 1, 2, 34, 38, 39, 40 and 41 (and dependent claims). Also, Applicant notes that the original Record of Invention and original Overview shows a date antedating the August 11, 2000 effective date of the Loy reference. This and all other pertinent dates and personal information have been removed from the photocopies of the Record of Invention and Overview submitted with the Declaration to prevent any potential prejudice to Applicant.

Applicant further submits that the Declaration filed herewith shows, unequivocally, that the Inventor had in his possession a definite and permanent idea of the complete and operative invention of the pending claims before August 11, 2000 in a manner sufficient to satisfy the requirements of conception, as set forth in M.P.E.P. §§715.07 and 2138.04, and thus constitute *prima facie* evidence of Applicant's date of conception of the invention in this country before the effective date of the Loy reference.

DUE DILIGENCE

Applicant further submits that the Declaration shows the Inventor and his attorneys exercised due diligence from a time before the August 11, 2000 effective date of the Loy reference to a constructive reduction to practice, realized by the filing of the above-identified parent application on November 2, 2000 in the United States.

The Invention Disclosure was forwarded to outside counsel in a timely manner prior to the effective date of the Loy reference. Discussions between the Inventors and counsel took place on several occasions including at least August 8, 2000 and October 18, 2000 until a final application was forwarded to the Inventor for execution, and subsequent filing on November 2, 2000.

Counsel acted in an expeditious manner to prepare the application for filing. Under M.P.E.P. §2138.06, only *reasonable* diligence is required in this regard. More specifically, §2138.06 states that a patent attorney will be held to have exercised reasonable diligence if the attorney worked reasonably hard on the application during the critical period, taking into consideration any backlog of unrelated cases the attorney may have had and his completion of those cases along with the present application in chronological order. Applicant respectfully submits that counsel acted sufficiently expeditiously to satisfy the requirements of due diligence.

Applicant submits that the Declaration submitted herewith is sufficient to show that due diligence was exercised as required under 37 C.F.R. §131. The Inventor remained in regular contact with counsel to answer questions, provide technical explanation, and supply the

Serial No.: 09/704,303

--21--

supplemental disclosure materials necessary for allowing the application to be filed in an expeditious manner.

Accordingly, Applicant respectfully requests that the rejection over claims 1-46 be withdrawn.

CONCLUSION

In view of the foregoing amendments and remarks, Applicant submits that all of the claims are patentably distinct from the prior art of record and are in condition for allowance. The Examiner is respectfully requested to pass the above application to issue. The Examiner is invited to contact the undersigned at the telephone number listed below, if needed. Applicant hereby makes a written conditional petition for extension of time, if required. Please charge any deficiencies in fees and credit any overpayment of fees to Attorney's Deposit Account No. 23-1951.

Respectfully submitted,



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